



How You Can Put 'The Marine Corps Way' to Work at Your Business

Solutions for Wholesale/Distributors

Written by Tom Birdwell and John Mansfield
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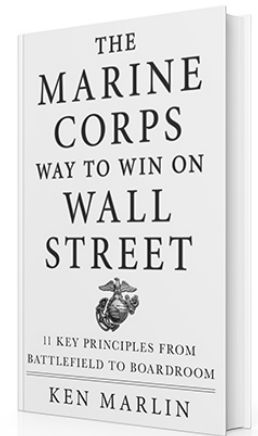
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How You Can Put 'The Marine Corps Way' to Work at Your Business

'The Marine Corps Way to Win on Wall Street: 11 Key Principles from Battlefield to Boardroom' by [Ken Marlin](#) is written with clarity of purpose. Lt. Marlin served ten years with distinction in the Marine Corps before venturing into a highly successful business career. Over the past twenty years, Lt. Marlin has founded and managed the award-winning investment banking firm, [Marlin & Associates](#). His inspiring book will reward readers who believe that business can be conducted in a fair, ethical and mutually-rewarding manner.



Win on Wall Street' by Ken Marlin

Lt. Marlin has dedicated a chapter on each of the 11 key principles learned while serving in the Marine Corps. Explaining how these principles have helped the Marines achieve success on the battlefield, the author applies the lessons learned to his personal philosophy of business.

In this whitepaper, wholesale/distribution industry expert [John Mansfield](#) draws inspiration from Lt. Marlin's book. As a leader in best practices including the use of innovative [Customer Stratification](#) technologies, John is uniquely qualified to discuss how you can put 'The Marine Corps Way' to work at your wholesale/distribution business.



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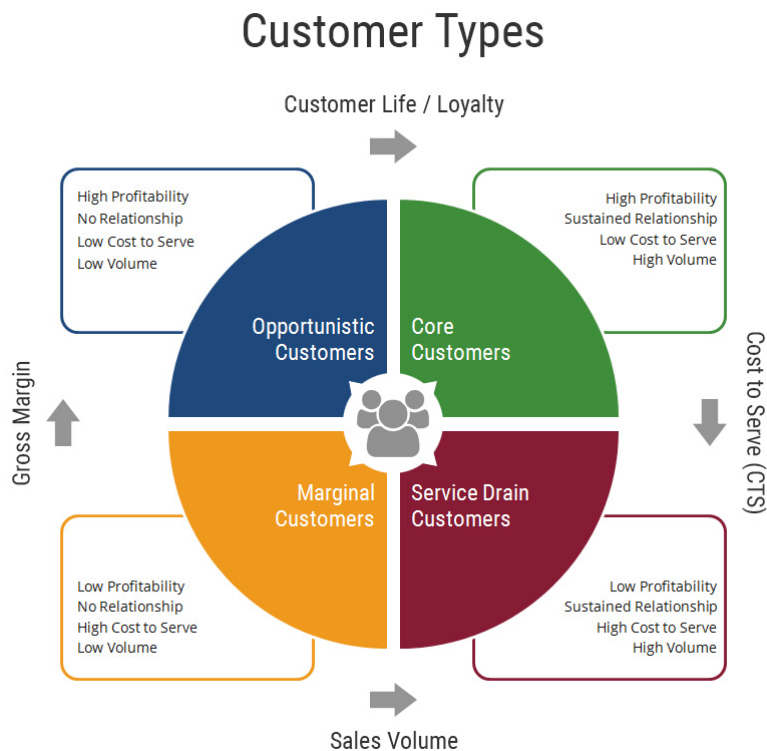


1. Take the Long View

Lt. Marlin believes that painful lessons learned in Vietnam have taught the U.S. military to approach future conflicts with the long view in mind. In business, Lt. Marlin knows that actions not aligned with long-range business strategies can be counter-productive, too. "When lives or important strategic matters are at stake, taking the long view is the best way I know to preserve precious assets and increase the probability of long-term success," writes Lt. Marlin.

To take the long view, it is important for wholesale/distributors to start from the premise that not all customers are the same. Intuitively, distributors have a vague notion that some customers are more profitable than others. However, unless distributors can back up their guesswork with hard data, it can be difficult to assess the contributions that various groups of customers make to their bottom-line profitability. For these distributors, it can be very challenging to take the long view.

Customer Stratification is the science of classifying customers into types based on various factors including profitability, revenue, loyalty and cost-to-serve (CTS). Distributors can better understand the total value each customer group provides to their bottom lines. Once this is understood, distributors can focus their resources towards those customers whom they can grow with and remain profitable. Distributors also learn what makes some customers less profitable than others; and eliminate time spent with these profit-draining customers.





Simply put, Customer Stratification empowers your entire organization to take the long view on its customer relationships. Distributors gain insights that can significantly improve their inventory, pricing, negotiation, sales and marketing strategies. Customer Stratification is a proven strategy for achieving more sustainable and profitable long-term business growth.



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2. Take a Stand

Marine officers are taught to take a stand. Input from others is useful when time is available, but equivocation in the heat of battle is not an option. "You have to work with the data that you have at hand; make a clear, firm decision, and accept responsibility for the result," writes Lt. Marlin.

Lt. Marlin believes that the best business leaders are decisive, too. These are people who are not content with business as usual. When opportunities arise to improve their company's competitive positions, leaders choose action over "risk avoiders" who are "most comfortable with the status quo."

New technologies including e-commerce, social media and big data have disrupted many industries. The bookselling, video rental and tourism industries have learned hard lessons about carrying on with business-as-usual. Yet, too many wholesale/distributors remain risk averse; they hesitate to introduce new technologies that might help their businesses evolve. The fear is that disruptive technologies might upset the apple cart and break what is known to work today.

Progressive distributors must take a stand on the implementation of useful new technologies. Cloud-based technologies such as Microsoft Power BI have made big data accessible to nearly everyone. Distributors can leverage the treasure trove of data captured by their enterprise resource planning (ERP) systems into useful, actionable information.

More specifically: when MS Power BI is used to process ERP data through a [Customer Stratification](#) algorithm, distributors gain an unprecedented level of insights into the metrics that drive their business' performance. Decision makers are empowered to take a stand on the important day-to-day decisions that can drive greater innovation, efficiency and productivity in their operations.

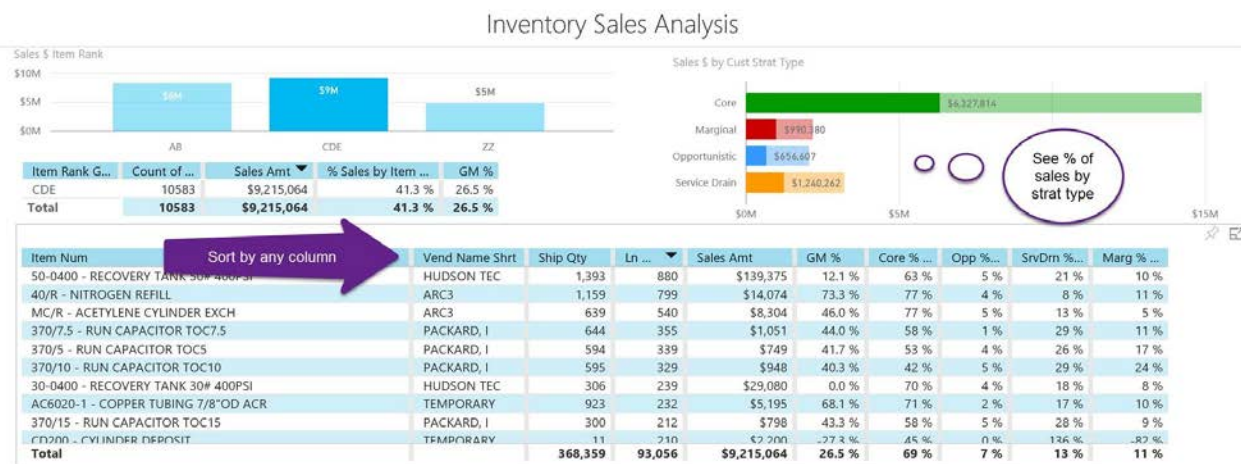
Inventory management is a case in point. As a distributor, you know that inventory represents a major investment. Minimizing the number of slow-moving items held in inventory is important. You need to free up cash to purchase productive, fast-moving items that contribute more to your distribution business' bottom-line profits.





Frequently, distributors use alpha systems to rank their inventory items as A, B, C or D (where A is most productive and D is least productive). The fear of getting stuck with obsolete inventory serves as a motivator to lessen the exposure to C and D inventory items.

Not all customers are the same – some are more profitable to you than others. You need to know which specific inventory items matter to your most important customers. For that reason, it follows that not all C and D items are the same.



Inventory Sales Analysis screen

It would be a mistake to indiscriminately remove C and D items from inventory simply because they are slow-moving. To do so is to risk customer service levels to those valuable customers who depend on you to supply those critically important items to them.

By categorizing customers into four groups, Customer Stratification provides a powerful tool to more critically assess the importance of your company's C and D inventory items. Customer Stratification can ensure that inventory investments are minimized even as you continue delivering exceptional service levels to your most profitable customers.





3. Be the Expert (or Use One)

Lt. Marlin explains that basic training helps new Marines gain proficiency in ground combat including how to handle a rifle. Expertise is later acquired when these basic skills are further developed in combat-simulation training and through practical experience in the field. This expertise “allows us to survive where others perish,” says Lt. Marlin.

Lt. Marlin makes an apt comparison with business. Most companies are staffed by people who have basic training in one skill or another: administration, finance, sales and so on. Many businesses have people who can manage but don't have experience leading. Successfully moving the business forward with innovative ideas and concepts often requires partnering with experts who understand “the mission of their clients” and “advise on the best battles to fight to achieve that mission.”



Few distributors have the resources on-hand to build their own [Customer Stratification](#) solutions from scratch – nor is it necessary. Distributors can use capable third-party experts to help them implement scalable, powerful and affordable Customer Stratification solutions on-time and within budget. Ideally, the



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Customer Stratification solution should leverage practical expertise pertaining to distribution industry best practices, technology and consulting, as follows:

1. **Industry Best Practices** – The solution should adhere to industry best practices articulated by the National Association of Wholesaler-Distributors (NAW) in its groundbreaking book, '[Customer Stratification: Best Practices for Boosting Profitability.](#)'
2. **Industry Leading Technology** – The solution should be built using industry-leading technology such as [Microsoft Power BI](#), the world's most widely-deployed, cloud-based Business Intelligence (BI) software.
3. **Industry Expertise** - The solution should be supported by battle-tested industry experts such as those at the [E&A/StratMax Partnership](#) who have accumulated many years of experience in distribution sales, management and related technologies.

As Lt. Marlin suggests, the Customer Stratification services provider must be capable of helping distributors achieve their missions. Plans should be modeled on industry best practices including the implementation of proven technologies. And when Customer Stratification solutions are put into action, it is important that business managers and their sales teams get sage advice and coaching along the way. Working with industry consultants who have prior experience in implementing Customer Stratification solutions will allow distributors to flourish while their competitors lose ground.





4. Know the Enemy

Lt. Marlin believes it is important to know the enemy combatant's perspective. According to Lt. Marlin, defeating the enemy requires not only killing or capturing their leaders, but more important, countering their message. U.S. forces must help the people living in the combat zone gain the freedom and security they need to build better lives for themselves – or face the threat of persistent enemy resistance.

In a business context, life and death is rarely at stake. However, Lt. Marlin thinks that it is no less important to carefully consider your customers' motivations. Why do customers buy from you? What else can you do to help your best customers succeed? Your message needs to be better than the competition's.

Distributors who gain a deep level of understanding about their customer's critical business needs and provide targeted solutions for those needs may be doing one of the best things possible to ensure their long-term success. As suggested above by Lt. Marlin, the need to capture new customers is lessened when existing customer relationships are improved. Distributors need to speak to their customers in a way that their competitors cannot.

Customer Stratification is vital for distributors who want to communicate more effectively with their customers. Distributors who clearly explain how they can solve their customer's critical issues are more likely to increase customer loyalty and market share. The distributor's messaging should be precisely targeted to two key customer groups, as follows:

1. **Core** - these are the distributor's most profitable customers. Core customers buy with frequency and consistency; are loyal; provide good margins, and have a low cost-to-serve (CTS).
2. **Opportunistic** – these customers provide good margins and low CTS but do not buy as much as they could. Their loyalties lie elsewhere. (Put another way: Opportunistic customers represent your competitor's Core customers.)

The knowledge gained through a Customer Stratification analysis is key to helping distributors win the increasingly competitive battle for profit-yielding customers. With Customer Stratification, distributors can identify their Core and Opportunistic





customers with precision. Distributors can send much more persuasive sales and marketing messages that have been designed to resonate with specific groups of customers.

For example, suppose that customer A is a Core customer and customer B is an Opportunistic customer. Both purchase the same product; however, customer A also purchases a complementary high-profit product whereas customer B does not. It is reasonable to think that marketing the high-profit product to customer B might succeed in raising that customer's profit profile.

Customer communications should be tested, refined, and repeated. Multiplying successful sales and marketing campaigns dozens of times over is a proven methodology for boosting bottom-line profits.





5. Know What the Objective is Worth

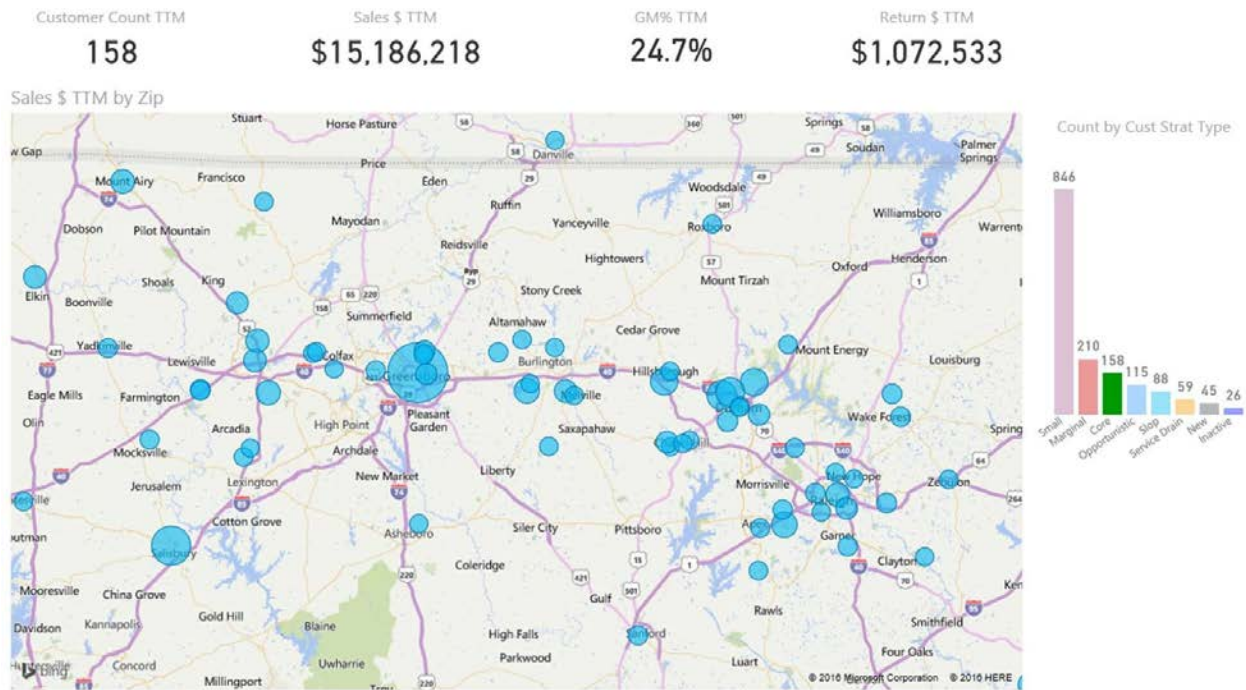
Lt. Marlin believes that strategy, timing, cost and reward can be used to evaluate the worth of any objective. As a student of Marine Corps history, Lt. Marlin contends that the high cost in human lives at the Pacific island of Guadalcanal, while far exceeding those at Khe Sanh in Vietnam, were worthwhile. The strategic importance of taking Guadalcanal made it absolutely essential to the U.S.' plan for victory in World War II – whereas the strategic objectives in Vietnam were far less certain.

Lt. Marlin cites Facebook's \$1 billion acquisition of Instagram as a business case in point. Instagram had only 13 employees, but its strategic value to Facebook was enormous. Facebook could afford the purchase price. Instagram's sale achieved the objective of raising the value of Facebook's impending IPO. Facebook shares have more than tripled since then.

Distributors are often looking for growth not only from their existing customers, but also through expanding markets, mergers, or acquisitions. Distributors can know what the objective is worth by learning more about the potential for sales growth that may (or may not) exist within the various geographies they serve.

The E&A/StratMax Partnership's [Customer Stratification](#) solution features a territory mapping tool that empowers distributors to identify where their customers are physically located – and just as importantly, where they are not.





The E&A/StratMax Customer Stratification solution features a territory mapping tool that displays customers by Count, Type, Sales, GM percentage and Return dollars.

Using the territory mapping tool, distributors can assess the worthiness of under-represented sales territories with their eyes wide open. The objective of business growth may become evident to decision makers who can plainly see that an abundance of Opportunistic customers may be located in a specific area. In this scenario, distributors might deem it worthwhile increasing their investments in sales and marketing campaigns that are focused on converting their competitor's Core customers over to themselves.

Customer Stratification expert John Mansfield shared a distributor success. "Territory mapping is a great way to see whether it is worthwhile to apply a sales representative's valuable time and attention to a given market," said John. "I worked with a distributor whose sales representative had been spending hours each week driving to visit with customers who, it turned out, were identified as Marginal or Service Drain through a Customer Stratification analysis."

A decision was made to change the salesperson's sales pattern. "Going forward, the salesperson would visit these customers only once per quarter. The distributor



prepped its inside sales staff to care for these less-profitable customers at a lower cost," continued John. In this way, the territory mapping tools in the E&A/StratMax Customer Stratification solution empowered the distributor to better utilize its existing sales and customer service resources without increasing overhead costs.

Customer Stratification empowers distributors to know what their objectives are worth. Distributors who have identified their not-so-profitable customers can redirect valuable sales resources to the task of growing new, more promising opportunities. Put another way, distributors who more closely align their sales and business objectives can grow more sustainably and profitably than the competition.



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6. Know Yourself

Individuals who have what it takes to join the Marines become part of a proud, selfless and patriotic tradition. Marines are trained to face any foe, anywhere, 'From the halls of Montezuma to the shores of Tripoli.' Lt. Marlin says, "Marines are convinced that we're the best on the planet at doing what we're called to do."

The Marines have many strengths, but Lt. Marlin cautions that understanding one's limitations is equally important. Lieutenant Colonel Custer should have understood the risk before rushing into the ill-fated battle at Little Bighorn. Similarly, Lt. Marlin has seen many businesspeople enter into disastrous deals without fully appreciating their vulnerabilities to financial leverage, consumer preferences, and various other factors. According to Lt. Marlin, the "Marine Corps Way" is to know your strengths and weaknesses; and be in control of the process.

Distributors can begin to know themselves better by scheduling periodic reviews of their [Customer Stratification](#) reports. A recommended best practice is to hold a management-level consultation every three months between the distributor and its Customer Stratification consultant. Distributors must continuously refresh their understanding of the profitability of each customer in relation to other customers if they hope to retain control of their sales processes.

Sales managers are empowered to develop well-informed, actionable sales plans based upon a deep understanding of where each customer fits in the stratification profile. Customer Stratification ensures that your valuable sales resources are spending the right amount of time - and engaging in more constructive, knowledge-based and profit-building conversations - with your most profitable customers.

Distributors do not battle for sales in a no-man's land; the business terrain is contested. The Customer Stratification tool should provide daily profitability trend reports to help distributors compete in the real-world. A rolling 12-month view of the distributor's sales performance by Customer Stratification type (Core, Opportunistic, Marginal and Service Drain) enables distributors to continuously adjust their sales tactics in a dynamic, competitive landscape.

Consider for example, a distributor whose Core customer had almost perfect Customer Stratification scores. The daily profitability trends report alerted





management to a distressing new trend: the customer's sales were beginning to decline, month-to-month. Empowered with this early warning, the distributor's sales team succeeded in identifying the root cause of the sales decline. A corrective plan was implemented; ultimately, the negative sales trend was reversed into a positive.

In this case, the distributor had leveraged the insights gained from its Customer Stratification analysis to better understand its strengths and weaknesses. The distributor used this knowledge to control the process, improve the customer relationship, and grow sales and profits.





7. Control the Timing

Lt. Marlin recalls how the North Vietnamese exploited the quagmire at Khe Sanh to launch the Tet Offensive at a time of its choosing. The North Vietnamese seized several large cities including key supply routes. It was the beginning of the end of the Vietnam War.

Businesspeople should not let others control the timing. The "Marine Corps Way" is to evaluate your company's strengths, weaknesses, capabilities and constraints. Think about how your company can grow and maintain its advantage before others do the same. "Choose a direction before circumstances overwhelm you and the timing is taken out of your hands," advises Lt. Marlin.

In the wholesale/distribution industry, customers have been persistent in their efforts to squeeze distributor margins. More and more customers expect items to be priced inexpensively, delivered faster, and of better quality. The distributor's salespeople are often pressured to make service concessions in order to retain hard-won customer accounts. When this happens, the distributor's pricing often does not account for the total value the distributor has promised. Bottom-line profitability suffers because the distributor's customers have gained control of the timing.

As suggested above, the new normal in distribution means that profitability is dependent upon aligning price with value. [Customer Stratification](#) helps everyone in the organization, from management to sales to customer service, understand the profit profile of each and every customer served. This knowledge allows distributors to more proactively negotiate with customers and implement appropriate pricing strategies - well before their sales margins have been eroded.

Think about how Customer Stratification can help distributors surgically apply their pricing strategies based upon their individual customer's profit profiles. For example, Marginal customers are defined as customers who demand a high level of service but seem to be unwilling to pay for these services. At the least, distributors should think twice before extending special pricing to Marginal customers; at the most, distributors should increase pricing to levels commensurate with protecting their bottom-line profits.





In fact, the distributor's Website must become the preferred sales channel for their less profitable Service Drain and Marginal customers. Pricing can be more competitive on the Web because online self-service tools tend to lower the distributor's cost to serve (CTS). Web storefronts can be promoted through marketing outreach. As the distributor successfully increases the percentage of orders processed online, bottom-line profitability will steadily improve.



In sum: by providing deep insight into each customer's profitability, Customer Stratification empowers distributors to better control the timing, accuracy and efficacy of their pricing strategies.





8. Negotiate from the High Ground

Lt. Marlin explains that the high ground has two connotations in the Marine Corps. The first is tactical: occupying the physical high ground is an advantage in combat situations. The second is ethical: to do the right thing. Marines are not supposed to lie.

Lt. Marlin says that businesspeople must be ethical if they wish to succeed over the long run. In the end, negotiations built on lies rarely work out well for liars. "The newspapers are filled with stories of banks paying hundreds of millions of dollars in fines as a result of lying about mortgage quality, interest rates, taxes, LIBOR rates, and a dozen other things," writes Lt. Marlin. Deception does not pay.

Objective data can help sustain your company's open, honest and constructive business ethic. [Customer Stratification](#) solutions that conform with the best practices defined by the National Association of Wholesaler-Distributors (NAW) provide the best possible information about the distributor's customer and supplier relationships. In effect, distributors can use Customer Stratification to negotiate from the high ground.

Customer Stratification empowers distributors to talk more productively with customers. Distributors can show their customers precisely why they might have a poorer grade when compared with other, similar customers. For instance, a customer might be in the habit of placing too many orders with too few line items, thus creating more transactions than the median customer; in turn, adding to the distributor's cost to serve (CTS). A productive dialog can ensue about how both parties can work to mutually improve the business relationship.

Customer Stratification's vendor performance reports can help distributors proactively pursue win-win solutions with their key business partners. Suppliers typically do not like to provide special pricing considerations across the board, for all distributors and their customers. But with customer stratification, distributors can show their suppliers exactly why their Core (most profitable) customers might require special consideration.

Distributors who share quantifiable information with their suppliers can take the negotiating high ground. When distributors can proactively demonstrate the value





of their customers to suppliers, distributors can do more for their customers. In this manner, Customer Stratification can endow distributors with competitive advantage.



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9. Seek Foreign Entanglements

Marines spend a lot of time overseas because they are tasked with protecting the territorial integrity of America's allies. In the event of conflict, Marines prefer to engage with adversaries away from the American homeland. Foreign entanglements are a fundamental part of what it means to be a Marine.

Lt. Marlin first visited Japan as a Marine. Impressed by the experience, Lt. Marlin returned years later to develop business for his financial services firm. Negotiating in Japan is typically a long, slow process that involves getting to know the other person. Lt. Marlin learned that seeking face time and building trust was crucial. He would have to share much more about himself, over a longer period of time, than he would normally do when conducting business at home.

Your business might not have overseas partners, but you can think of foreign entanglements as the many relationships your company has with its customers. As you cultivate these entanglements – whether in person, phone or web – the sharing of timely, accurate and pertinent data can help you build trust.

As a distributor, you should want to be more than just another vendor to the Core customers who contribute the most to your bottom-line profits. Distributors should position themselves as trusted advisors who can help their most important customers prosper and grow their businesses.

A distribution industry best practice is to have (at least) annual business reviews based upon a [Customer Stratification](#) analysis. The objective data provided by Customer Stratification can be used to compare distributors' individual customers against similar customers in the same lines of trade. Customer Stratification allows distributors to have differentiated, on-point conversations with customers about their business relationships. Importantly, distributors can discuss how these relationships can be improved in a mutually rewarding manner.

For example, a Gap analysis can identify opportunities for both the distributor to upsell and the customer to save money. A Gap analysis looks at what the customer is not buying from the distributor that they probably should (think of a customer who buys mops but does not buy soap). Is the customer buying related items from





separate vendors? The distributor can explain how single-sourcing might save this particular customer a significant amount of time and money.

Distributors can protect their valuable Core customers by extending value-added services to this important customer group. To extend the example above, the distributor's Jansan expert might regularly counsel Core customers about best practices pertaining to cleaners, disinfectants, hand soaps and so on. Distributors who demonstrate a commitment to their Core customers' success can cultivate more profitable customer relationships while minimizing the threat of poaching from the competition.

On the other hand, distributors must learn to constructively communicate with less-profitable customers about changing behaviors in ways that can improve these relationships. Perhaps Marginal customers can earn rebates by reaching certain buying targets; or they might be encouraged to buy more through the distributor's website. If behaviors do not change for the better, distributors should be prepared to minimize or eliminate all 1-to-1 sales interactions with these profit-draining customers (unless their salespeople have specific improvement plans in mind).

The point is for distributors to leverage the knowledge gained using Customer Stratification to improve their customer relationships.





10. Trust and Verify

Marines understand the responsibilities of sentry duty. A fellow Marine in uniform may be trustworthy, but prudence and good discipline requires verification. Allowing the wrong person onto a secure facility can have serious consequences. It is important both to trust and verify.

In business, buyers give up the certainty of cash payments in exchange for products and services. The buyer trusts that the seller will deliver on a promise. The larger the financial transaction, the more important verification becomes. Buyers and sellers can be exposed to litigation if they cannot fulfill their obligations. In the financial services industry, a dishonest deal can also lead to a government investigation. "That's no fun," flatly states Lt. Marlin.

The largest asset most distributors manage are their open receivables. Typically, distributors have standard payment terms, with some exceptions for certain customers or customer types. "In our experience, Days-to-Pay is almost universally used as one of the highest weighted cost-to-serve (CTS) factors in the [Customer Stratification](#) models we customize for distributors," said Customer Stratification expert John Mansfield. "But we have also developed a CTS factor that measures late payments."

When Customer Stratification is used to trust and verify the integrity of open receivables, distributors are empowered to gain better control of cash flow. Distributors can improve their financial health by verifying that late payers do plan to make their payments as expected; and extend terms only to those customers who consistently fulfill their obligations.

"When a distributor agrees to special terms with a customer, they are trusting that the customer will pay within those agreed-upon terms," continued John. "It is important to verify that the customer makes the payment as promised. When we see a low grade in this factor, the root cause is often due to process issues. Rarely is it the case that customers are not intent on paying the distributor on time."





11. Be Disciplined

Lt. Marlin remembers the Marine Corps-led amphibious assault at Inchon in 1950. The battle involved more than 250 ships and 75,000 troops from several nations. Planning and executing the assault required tremendous discipline. Inchon helped change the momentum of the Korean War for the United Nations.

Businesspeople should be disciplined when deploying resources. Not all opportunities are the same. You should focus on acquiring customers who offer the greatest long-term value to your company. You need to understand what your best customers look like so that you can replicate the success. "Marines make their own luck," observes Lt. Marlin. "So do good business leaders."

Despite having limited marketing funds, many distributors do not have a disciplined approach to their marketing communications. In a crowded marketplace, undifferentiated messaging campaigns that are intended for all often do not resonate with anyone. Relationship-building events such as bar-b-q's represent nice gestures but are limited in their reach and are usually ineffective in growing the business. Distributors who do not articulate how they can solve their customer's critical business issues will struggle to grow market share in a competitive sales environment.

Customer Stratification provides greater discipline in how distributors allocate their scarce marketing dollars. Specific customers and customer groups can be targeted based upon their current level of profitability and potential for growth. Past successes with Core customers can be leveraged in the targeting of other, similar customers. Distributors who do more of what they already do well can quickly boost revenues and profitability.

Distributors can leverage the successes of their disciplined marketing campaigns with suppliers. Suppliers are eager to make plans and provide resources when the distributors' marketing campaigns have been based upon facts and tactical planning (instead of hope). Customer Stratification data enables distributors to demonstrate the potential benefit of a given promotional strategy; in turn helping distributors win greater material and financial support from their suppliers.





About Lieutenant Ken Marlin

Lieutenant Ken Marlin is an American investment banker, international strategist, and author of "[The Marine Corps Way to Win on Wall Street: 11 Key Principles from Battlefield to Boardroom](#)".

Between 1970 and 1981, Lt. Marlin rose from the enlisted ranks to become a Marine captain and infantry commander. Since then, he's been an entrepreneur, a tech company CEO, a senior corporate executive and, for the past twenty-plus years, an investment banker on Wall Street. Throughout all these endeavors, he has applied Marine Corps principles to leading successful businesses.



Ken Marlin

Today as the founder and managing partner of the award-winning investment bank [Marlin & Associates](#), Lt. Marlin is a member of the Market Data Hall of Fame, twice named one of Institutional Investor's "Tech 50," and has appeared in publications ranging from Business Week, Fortune and Forbes to The Wall Street Journal, The New York Times, The International Herald Tribune, The Los Angeles Times, The Chicago Sun-Times, and the Associated Press. He has appeared on CNBC, CBS MarketWatch, and Fox Business Channel. He lives in Manhattan.

Source: [Ken Marlin's author page at Amazon.com](#).



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About John Mansfield

John Mansfield was one of the top outside sales representatives for 10 years at [Graybar](#), one of the leading electrical wholesale/distributors in the U.S. John moved into Graybar's national accounts organization and eventually into sales management. John retired from Graybar in 2014 after serving in various corporate Vice President executive leadership positions for over 14 years.



John Mansfield

John achieved a high level of expertise in the wholesale/distribution business during his 32-year Graybar career. He has also gained tremendous experience in the best practices related to sales and sales management.

John is the Principal Consultant at [StratMax](#) where he leverages his industry experience consulting with other wholesale/distributors, helping them implement strategies for driving profitable growth. Areas of expertise include customer stratification, CRM deployment, and customized sales tools.

Source: [John Mansfield at LinkedIn](#).



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About the E&A/StratMax Solution

Instinctively, you know that not all of your customers are the same. Some are more profitable than others. Research has shown that typically 80% of a company's profitability is concentrated in 10% of their most profitable customers while 75% of customers represent less than 5% of their profitability. But how do you objectively determine which are the most and least profitable customers? And how should you treat them differently?



The E&A/StratMax Partnership

E&A and StratMax have partnered to help distributors answer these questions with its [Customer Stratification](#) solution. Adhering to industry best practices articulated by the National Association of Wholesaler-Distributors (NAW), the E&A/StratMax customer stratification solution allows businesspeople to implement strategies that drive more profitable growth.

How it Works

Leveraging your existing ERP investment, E&A and StratMax work with your management team to tailor the factors in the customer stratification model that are most relevant to your business. The E&A/StratMax solution leverages the quantifiable information within your ERP system. The customized model is delivered to you through a cloud-hosted solution that features easy-to-use, interactive dashboards. Gain unique insights into your business – and your customers – all in one place.

E&A has teamed with StratMax to turn your data into actionable information. StratMax business consultants will help ensure that you are doing the right things with the right customers to boost your bottom-line profitability. Over 30 years of sales and marketing experience has established StratMax as the leading



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practitioner of customer stratification strategies in the wholesale/distribution industry.

What it is

The E&A/StratMax customer stratification solution is a set of sophisticated yet easy-to-use tools that are customized to your business. Empower your sales team with strategies that have been proven to drive more sustainable, profitable growth.



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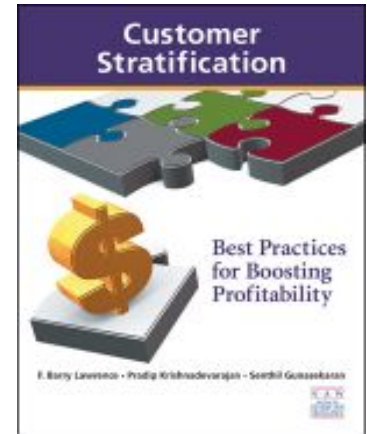
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Key Components

- Groundbreaking industry research by the National Association of Wholesaler-Distributors (NAW) serves as the foundation of the E&A/StratMax solution. "Customer Stratification: Best Practices for Boosting Profitability" is the definitive guide to Customer Stratification, a tool that can help distributors identify their most profitable customers. The book is published by the NAW in collaboration with Texas A&M University.



"Customer Stratification: Best Practices for Boosting Profitability"

- Customer Stratification processes data in your enterprise resource planning (ERP) system through an algorithm that tests key customer profitability factors such as buying power, loyalty, profitability and cost-to-serve. The insights yielded can guide you to spend more time on profit-building customers; and less time on money-losing customers.
- The customer stratification model is customized to each client's unique business needs.
- Results are delivered using a powerful cloud-based, interactive dashboards built on the Microsoft Power BI platform.
- The comprehensive solution combines E&A's technical expertise with StratMax's hands-on customer stratification management.

**Customer Strat
is Powered Up!**



Customer Stratification data is presented using MS Power BI



Customer Stratification Solutions

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- Creative strategies to 'stretch', 'develop', 'examine' and 'protect' your customers are provided by industry experts with deep industry knowledge.
- Model data is updated quarterly on an ongoing basis to help your business gain control of a rapidly changing competitive environment.
- No more sifting through reams of paper reports and complex spreadsheets to get the vital data you need to develop more effective sales and marketing strategies.
- Empower your sales and management team to collaborate and sell more effectively using the backbone of the Power BI cloud-based application, E&A's business intelligence tools and online access to StratMax consultants.
- Best practices, case studies of additional strategies, and personalized training and implementation services are included.
- A significant upfront capital investment is not required to get started.
- "Pays for itself" as license holders implement strategies that drive profitable growth and EBITDA improvement.

Benefits

- More Accurate Sales Force Deployment
- Improved Negotiations
- Identify New Growth Opportunities
- Understand Cost to Serve (CTS)
- Optimize Pricing for Greater Competitiveness and Profitability
- Better Inventory Management
- Better Marketing Communications
- Targeted Sales Force Compensation

Industry studies have demonstrated that Customer Stratification can significantly drive EBITDA improvement, with positive effects across the business enterprise.



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What you get

- Copy of NAW Research book "[Customer Stratification: Best Practices for Boosting Profitability](#)"
- Full Day Onsite Modeling Workshop (Facilitated by StratMax)
- Full Day Onsite Management and Sales Team Workshop (Facilitated by StratMax)
- Daily Profitability Trends Updates – Business Intelligence
- Interactive Dashboards
- Over 60 Proven Best Practice Strategies in an Interactive Dashboard
- Model Updated Quarterly
- Best Practices Web Conferences
- E&A Online Learning Modules

Learn more



To learn how the E&A/StratMax sales collaboration solution featuring Customer Stratification can help grow your wholesale/distribution business, scan the QR code or go to www.earnestassoc.com/customer-stratification.



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